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**Subject: Unallowable Costs**

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Effective Date: July 1, 2006

Revised from: October 1, 2004

**Policy:** Only those expenditures relating directly to the provision of required WIC services may be claimed on the affidavit. Expenditures beyond the provision of WIC services or related to other programs provided by the LA will not be reimbursed with WIC funds. All purchasing decisions should be based on need and should be for the least expensive option that exists. Reimbursement of cost for specific items may be limited to a maximum as determined by the LA or SA.

**Reference:** CFR §246.14, OMB Circular A-87-Attachment A

**Procedure:** Expenditures should not be made for questionable, extra, or expensive items simply to expend remaining WIC funds at the end of the contract period. If the LA determines that it will not expend all available funds by the end of the contract period; based on normal expenditure patterns, any unspent funds should be utilized to make advance purchases of supplies for the next contract period. This will allow for advance planning for other expenditures (e.g., equipment replacement) in the next fiscal year.

Examples of selected items or expenditures that will not be reimbursed with WIC funds are: sphygmomanometer; stethoscope; vitamins; head circumference tapes; professional licensure; membership dues (except to National WIC Association (NWA); CPR training; glucose strips; cholesterol tabs; Denver II, Kan-Be-Healthy (KBH) forms; diapers; wet wipes; toothbrushes; nursing bras/pads; toys; play pens, and candy or gum.

**Note** The following examples of unallowable costs are not all inclusive. They are intended to give guidance on appropriate expenditures and requests for reimbursement with WIC funds. If any question exists as to whether a cost is allowable or if reimbursement will be made the LA should contact the SA to request clarification **prior** to incurring the expense.

1. Bad debt expenses - any losses arising from uncollectible accounts and other claims and related collection costs.
2. Interest - is generally not an allowable expense under federal cost policies.
3. Fines and Penalties - costs resulting from violation of or failure to comply with federal, state, and local laws and regulations are not allowable. Such costs include fines, penalties, and settlements resulting from lawsuits, payments to terminated employees, cash settlements, damages, and back wages.
4. Entertainment expenses - costs of amusements, social activities, and related incidental costs, such as meals, beverages, lodging, rentals, transportation and gratuities that are not work related.
5. Legislative expenses - salaries and other expenses of the Kansas legislature or other similar local governmental bodies, such as county supervisors, city councils, school boards, etc.

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6. Lobbying expenses - no funds paid to or on behalf of any person influencing or attempting to influence an officer or employee of any agency, a member (or employee of a member) of Congress or Kansas legislature, in connection with the awarding or making of a federal contract or federal loan, the entering into of a cooperative agreement and the extension, continuation, renewal, amendment, or modification of a federal contract, grant, loan or cooperative agreement, or state funding.
7. Unemployment compensation - actual payments to the individual, which could have been covered by permissible insurance or through an approved self-insurance program.
8. Cost of salaries, tuition or books for WIC staff to attend university or technical school courses. Exceptions must be approved in writing from the State Agency.
9. Staff bonuses - special incentive pay or any other lump or one-time payment. Retroactive pay increases **are** allowable. Exceptions must be approved in writing from the State Agency.
10. Financial audit costs - if the agency receives less than \$500,000 in total federal funds.
11. Transportation of participants - is generally unallowable, except in limited circumstances where there is documentation that such service is considered essential to assure program access and prior approval has been granted by the State Agency.
12. Grant writing - if the main benefit of the grant is for another program or target audience (not WIC eligible). A WIC staff person could write such a grant, but would have to be paid through another funding source.
13. Contributions donations - One federal program cannot give its cash, property, and services as a gift to another federal program as an individual or private organization might give these things to a charitable organization, fund, or cause.
14. Fund-raising - activities where individuals or groups are requested to donate funds may not be conducted on WIC paid time.
15. Medical equipment - not directly used for the purpose of gathering height, weight and blood work for determining anemia, even if it serves to identify other manifestations of nutritional risk, e.g. blood lead levels or blood glucose.
16. Pregnancy tests
17. Blood lead screenings - including the time and materials associated with drawing blood, preparing the sample, packaging, mailing, and following-up with the participant, provider and health department. If blood is either drawn or drawn and tested for WIC eligibility and lead testing at the same time, WIC and the lead program must each pay its fair share of the total

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cost as determined by a time study. WIC's share of the total cost will not exceed the amount it would pay if it conducted its blood iron test for WIC eligibility separately.

18. Costs of purchasing vaccine or the staff time and supplies associated with providing immunizations or immunization incentive items.
19. Individual membership fees - to professional associations or organizations. This includes "registration" for the Commission on Dietetic Registration.
20. Physical activity promotion - costs that include fitness center dues or memberships; exercise equipment, such as treadmills, stationary bicycles, hand weights, mats, steppers, resistance bands, etc.; facility rental or modifications for physical activity purposes; and exercise classes (one-time or ongoing) and instructors for such classes.